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The Change in Economic and Agrarian Policy

185 With regard to economic policy, the first two years after the war might be regarded as an induced and foreshortened NEP; not a retreat from war communism as the Soviet New Economic Policy had been, but, in form at least, the creation of a transitional economy between the older Rumanian capitalism and the drive toward socialism. This concept is closely related in the Communist mind to the functions of the People's Democracy and is embodied in the Constitution of 1948, though by that time the actual economic policy was moving beyond it.

241 465 For all the fanfare accompanying the 1945 agrarian reform, the organization of Rumanian farming in the first two or three years after its application showed little change. In the planting year 1946/47 much the greater part of the working force was engaged in family farms. About 181,000 persons (2.3 per cent of those active in agriculture) were permanent farm laborers, about 783,000 were engaged in seasonal work, and 1.4 million persons did some work on farms other than their own.[27] Payment for work continued to be a mixture of money and produce, only one-third of the work being paid solely in money.

The type of cultivation was much the same, though there was a retrogression from mixed agriculture. If the figures are comparable, some 61 per cent of the exploitations in 1948 were devoted to cereal cultivation as against 51 per cent in 1941; only 1.2 per cent of the exploitations concentrated on raising livestock as against 12 per cent in 1941, a reflection of the wartime loss of animals and the breaking up of large estates.

About two-thirds of the exploitations obtained their money income through sale of produce, the other third through outside labor. Two-fifths of the exploitations in 1947 were obliged to buy agricultural produce to supplement their own deficient production.

185 241 In 1945 the Groza regime announced that the agrarian reform was but the initial step in a whole series of projected reforms which would transform Rumanian agriculture, but at this time there was no mention of collectivization as the general goal. On the contrary, any mention of collective farming was frowned upon, and the whole emphasis was on assisting the independent peasant. Actually, the list of

27. *Recensământul agricol din Republica Populară Română, 25 Ianuarie 1948*, p. 35. The relation between the last two categories is not clear, but the figures on permanent and seasonal workers are quite similar to those of 1941. See above, p. 52

000 no better than a pig." If we take into consideration that according to L. T. Hobhouse "the whole system of moral tradition governing the life of a society is evolved from the practical impulses and feelings at work in the past and present," we may easily comprehend that the aspects of social life as revealed by current events in Rumania, show a natural process which could not be altered or deflected except by titanic efforts of re-education. We have no right, therefore, to blame the Rumanians for what we may consider to be grave lapses, but which they prefer to interpret differently, for after all, as A. R. Wallace affirms in his "Social Environment and Moral Progress,", "morality is not wholly due to any inherent perception of right or wrong conduct, but is to some extent a matter of convention varying with the degree and kind of social development attained." And this opinion is confirmed by L. T. Hobhouse, who, in his book "Morals in Evolution" states "the instinctive in human morality is by no means an unfailing power implanted by nature in all men to distinguish right from wrong." Rumanian youth continues to cherish the traditional Phanariot ambition of enriching itself through access to a public post; other careers are neglected and looked askance at. They are left to the more enterprising Jewish element, which owing to its energy and capacity has taken complete control of Rumanian trade and banking. Through the neglect of the commercial professions, Rumanians have hampered the formation of a middle class which, more than any other element, is conducive to the creation of stability and a vigilant public opinion. The public functionary class is an unstable element, and as it enjoys no security of office but depends for its tenure on the favours of politicians in power, it naturally follows that it easily lends itself to corruption, and all the more so seeing that it is disgracefully underpaid. In a lettter published by the "Argus" on 16th May, 1932, it was averred that the number of public functionaries amounted to 500,000. (Including the staff employed by municipalities). The number could easily be halved, and the administration would stand to gain both in efficiency and thoroughness by such a reduction. Greece, with a population amounting to one-third that of Rumania, had a

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total of only 43,943 functionaries (exclusive of those employed by municipalities. Even this figure was considered excessive, and a decree was enacted prohibiting for a series of years the creation of fresh posts and the nomination of new functionaries to vacant posts in order that their number might be reduced. In Rumania such a measure is hardly likely to be enacted, for every politician must have the possibility of providing the more important of his electors with sinecures, for otherwise how would he induce them to vote for him? This is how the principle of public solidarity is understood and applied ! Amongst us, state functionaries are considered as the servants of the public, in fact their function is revealed by the appellation under which they are designated; they are, in fact as well as in name, public servants. Rumanian functionaries are, one must admit, on the whole both courteous and obliging, especially to strangers, but such services as are rendered must be requited. Since the State barely remunerates them, it is obvious they have to secure their means of livelihood somewhere. Of course no tariff is posted up in Government offices as to the amount of pecuniary compensation expected for the services demanded; *that* is a matter left to the discretion of the person soliciting the service, but a solatium of some sort has to be given to the functionary, as otherwise you will be made to feel the tediousness of waiting in a usually stuffy office. It is not surprising that such methods have gradually evinced probity from amongst the administrative personnel and made room for a venality which is occasionally exhibited so brazenly as to impel such an attentive observer as Mr Charles Wood to declare " there is nobody and nothing in Rumania who and which cannot be bought with money." (Contemporary Review, February, 1921.) Though the country teems with acts of maladministration there are yet many excellent, honest and plodding functionaries, who are all the more meritorious since they are neither properly remunerated nor encouraged for their loyal service to the State. This proves that if the Civil Service was placed beyond the withering influence of politics, stability of occupation guaranteed, and decent remuneration offered, a remedy for the ills which afflict Rumania would easily be devised. There

647 are certainly no insuperable obstacles to the removal of what
465 constitutes a drain on the strength and probity of the country,
661 which is being visibly weakened in every sphere of administration.

The following article, which was published in the "Lupta" of Dec. 17th, 1931, is instructive as to the manner in which public functionaries behave in order to supplement the scanty salary they draw from the State and which generally does not suffice to keep them alive.

647 It is obvious that no civilized State would tolerate methods
651 which in Rumania are benevolently winked at. There is no
499 doubt that the evil could easily be remedied if functionaries
661 were decently paid. The increased outlay for the State which this would involve would be largely compensated by a more conscientious performance of duty by the administrative staff. For instance, it is well known that owing to the high duties in force, smuggling on a colossal scale is being carried on with the connivance of officials, with the result that the State is defrauded of millions. M. V. Madgearu, former Minister of Finances, openly admits it in his book "Rumania's New Economic Policy," published in English, on page 39 of which we come across this astounding statement: "It has been shown that while pre-war Rumania imported about 70,000 kilos of natural silk, united Rumania registered the importation of only 1,000 kilos in 1927. It is well understood that the rest has been imported through smuggling." On a rough computation this item alone would account for an annual loss of some 50 million lei to the revenue.

But, apparently, blackmail is even more lucrative than smuggling, according to the article referred to in the "Lupta":—

647 "Truly, *smuggling* constitutes a source of big revenues for
651 the State. Not bona-fide smuggling which involves the
661 introduction of goods into the country without the disbursement of duties. This latter sort of smuggling is never discovered, or if discovered is rapidly hushed up with the connivance of the ablest pillars of the Ministry. The principal sources of revenue from smuggling are derived from the hypothetical variety, when for instance an anony-

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12: Kormos S-4, 5 (no date) 1944
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511 capital had been imported, had come to an abrupt end only a few years later. The prices of agricultural produce continued to fall and manufactured goods became comparatively more expensive. While the value of money decreased[1] and the general level of the standard of living deteriorated up to about 1930, there was a slight improvement in the period following the recovery from the general crisis.

661 CORRUPTION OF THE ADMINISTRATION. The lot of the people, however, did not improve. The Rumanians, to whom their government had promised an era of prosperity and national splendour, soon found that the promise held good only for some privileged classes who had not been badly off before. The whole country was ruled by a small clique which had secured the allegiance of a host of civil servants. These officials were badly paid and relied on bribes to swell their income. Before elections the voters were promised reductions of taxation and official positions. But taxes became heavier each year and the new officials' greed had to be satisfied whenever one came in touch with the State apparatus. Identification papers of every description had to be secured before a citizen could go about his business. And in order to obtain these documents one had to visit innumerable offices, fill up innumerable forms and bribe a dozen officials. Arrests were made by the underpaid police for the sole purpose of obtaining money. Officials in all positions looked upon bribes as a legitimate source of income.

The poor peasantry and the minorities were

465 [1] Level wages in 1930 were: in Rumania 39; in Britain 100.

12: Kormos S-4, 5 (no date) 1944
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and smaller profits were the reward of Rumanian officials and business men.[1]

How far the natural resources of Rumania have suffered under this intensive exploitation will probably become apparent only after the war. Its effects on the people of Rumania, however, can be gauged already. The cost of living in 1941 was three times as high as in 1934, and in January 1943 it was reported to be 50% higher than one year before. These are official Rumanian figures, based on maximum prices and maximum wages which are only fictitious. In fact many goods, although rationed, could be obtained only on the black market and at phenomenal prices. The general inflation led to a levelling-up of wages; but wages remained far behind prices. The workers, therefore, were worse off than before, although, theoretically, they obtained improved wages. A Swiss report in August 1943 showed that the monthly earnings of

[1] In January 1944 the Rumanian Government, according to a German paper published in Rumania, 'decided to put at the disposal of the Ministry of Finance a credit of three milliard lei for a new campaign for the modernisation of petroleum installations in Rumania. The Rumanian National Bank has granted a loan of one hundred million Reichsmarks to a number of oil companies for the same purpose. This sum will be used for the import of machinery from Germany... these companies have also been put in charge of the supply of the capital with natural gas'. At about the same time one of the mouthpieces of the Nazi war economy declared quite frankly: 'The practical purpose of the Rumanian export trade policy is to ensure an adequate supply of raw materials for the home industry. In order to stimulate import the concerns in question were permitted... to open up new industries in foreign countries for the purpose of supplying raw materials and half finished goods to the vitally necessary war industries in Rumania.

12: Kormos S-4, 5 (no date) 1944
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a worker, working sixty hours a week, would just be sufficient to buy a pair of shoes or four pounds of coffee, while he would have to spend about three months' wages to buy a suit. The workers do not possess any effective trade unions or other organizations which could better their lot, and peasants' co-operatives are few and weak, except those controlled by the State and those of the German Minority. Antonescu, however, recognized the danger threatening him from this quarter and tried to pacify the workers by creating special services which would supply them with their rations. Other sections of the population had to rely on luck. By creating a class of workers which at last had an assured supply of food he hoped to neutralize the most potent elements of Rumanian discontent.

Another indication of the standard of living is supplied by the official price index. From June to December 1940 prices rose by over 137% and, according to the official Rumanian economic gazette, by 372% between August 1939 and October 1943. This fantastic increase of prices brought no corresponding gains to the farmers or agricultural workers, as can be seen from the Rumanian press.[1] While some industrial workers at least got their rations, and in some instances even increased rations,

[1] In December 1943, one of the German papers in Rumania reported that 'the Union of Farmers' Co-operative Societies states that although there was a record harvest last year, the difficult position of the farmers has not improved. A great part of the harvest is still unsold and...the shortage of capital is very much felt...the Union demands that one-third of the difference between the low inland- and the high export-prices be paid to the farmers instead of giving the whole of the overprice to the State and the exporters....Owing to the lack of

E. THE JEWISH POPULATION

162 The Jewish population of Rumania for 1938 is given as 820,000, and for July, 1942, as 270,000. This reduction came about as follows :—

Total, 1938	820,000
Lost to Hungary	200,000
[728] Taken to Russia from Bessarabia and Bucovina by Russians	130,000
Expelled from Bessarabia and other areas by Rumanians to Transnistria, and deaths from unnatural [611] causes in Rumania	220,000
Total losses	550,000
Total, 1942	270,000

The occupational distribution of the Jews in 1930 :—

	Per cent.	
Agriculture	4·1	
Industry and trade	32·8	81·1
Commerce and credit	48·3	
Transport	2·4	
Professions and Public Services ..	2·7	
Army	1·5	
Miscellaneous	7·8	

It is calculated that in 1939 at least one-sixth of the industrial and half of the commercial population were Jews. During the war Rumanian policy 563 has been to exclude Jews from business and from 661 commercial and professional activity. This process of Rumanisation, while pursued ruthlessly in the provinces of Bessarabia and Bucovina, has been limited in the more industrial areas such as Bucarest by the simple fact that Rumanian industry and trade are dependent to such an extent on Jewish capital and leadership, and there is no doubt that the shortage of labour in industry has been seriously aggravated by the anti-Jewish policy. The degree of Rumanisation so far achieved is given by the following examples :—

Bucarest :—

Number of firms employing Jews, November 1940	8,126
Number of firms employing Jews, December 1942	4,301

Such Jews as are deemed necessary for war production are granted labour permits, whereby they may remain in their profession, but are subject to heavy taxation. Jews who are expelled from their normal activity are compulsorily enrolled in the Jewish labour service and employed chiefly on road work, or, alternatively, they are sent to concentration camps.

(*See also* "Notes on Jews in Rumania," Part II, Chapter VIII.)

F. WAGES

1. General

● 465 The average wage (industrial, commercial and agricultural professions) in 1938 was 1,853 lei per month. The highest average wages were found in the mining, food and transport industries, followed by commerce, textiles, skins, glass and stone, while in the metallurgical industry wages were below the average. The most noticeable feature of pre-war Rumanian wage statistics is the great regional variations, the extreme averages being 869 and 3,059 lei per month.

During the war, various attempts at fixing the wage level have failed to keep pace with the rising cost of living. On the whole it would have been surprising if a wage stop could have been successfully applied in Rumania, because of the great

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465 discrepancy in wage levels throughout the country which would involve separate wage boards for each area. All the fixed rates quoted below, with the exception of those in the metallurgical trade, are given for the country as a whole. In view of the regional variations in wage rates, the application of a fixed uniform wage is obviously impossible. This therefore suggests that the given rates are intended to apply to the districts with the highest wage-rate level, and that suitable reductions will be made in other areas, as for the metallurgical industry. The general wage level is estimated to have risen by as much as 200 per cent. since 1939. A general decree in August, 1942, fixed minimum wages at (lei per month) —

Men	*Women*	*Children*
5,100	3,800	2,300

2. Agriculture

465 241 Up till April 1942 agricultural wages were determined by free negotiation in the different regions and showed great variations. In April 1942 a decree was passed fixing rates for hired labour. A margin of 10 per cent. was granted to allow for local cost of living differences. The following rates (in lei per day) were fixed for the

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different seasons in 1942, the employee also receiving food :—

Period	Men	Women	Juveniles*
Spring—June 15th	75	50	40
Summer—Sept. 1st	100	75	50
Autumn and winter	60	40	30
Average for 1937†	40	32	21

(i.e. official money wages have almost doubled and food is now supplied.)

* 14-18 years. † Without food.

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3. Civil Service

In August, 1941, the average monthly wage for a civil servant was 2,800-4,000 lei (presumably for non-administrative grades). Beyond this there is no information on actual rates paid, except for a reference in December 1942 to "Ministry Advisers," whose wages were 72,000 lei per month. However, there are frequent references to increased wages for state officials, and especially of increased family allowances, e.g. in October 1941 the allowance per month for children of civil servants was 500 lei per child. By October 1942 it had been increased to 750 lei per child for families living in the country, and 1,000 lei per child for families living in the town.

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SUMMARY OF AVAILABLE INFORMATION ON INDUSTRIAL WAGES

Date	Industry	Category of Worker	Wage	Remarks
August 1942	General		*Lei per month*	
		Skilled	4,100–5,100	See remarks on variations of the "general wage"
		Unskilled	2,300–2,800	
October 1942	Metallurgy		*Lei per hour*	Industrial areas were divided into four classes, according to their cost of living and general wage level. The given wages are for class I, i.e. with highest cost of living. Class II = 4 per cent. less; class III = 12 per cent. less; class IV = 20 per cent. less
		Skilled (2 years' employment after training)	30–75	
		Industrial (over 21)	28–42	
		Unskilled (over 18)	26–32	
		Women	20 per cent. less in each category	
December 1942	Textiles		*Lei per month (fixed minimum)*	
		Men	5,100	
		Women	3,825	
		Juveniles (14–18)	2,550	
December 1942	Oil		*Lei per hour* — *Women*	
		"Master" men	50–122 — 40	
		Specialised workers, men	34–58 — 28	
		Industrial workers, men	28–65 — 22	
		Industrial workers (under 18)	22–40 — 18	
		Unskilled workers, men	26–47 — 21	
		Unskilled workers (under 18)	21–36 — 17	
October 1942	Building		*Lei per day*	
		Master stonework builder	600	
		Labourer	400	
		Youth	200	
		Master joiner or carpenter	600	
		Workman	400	

NOTE.—Of the above listed categories, wages for the textile industry doubled between 1939 and 1942; for general workers, metallurgy and the oil industry they trebled, and for building were quadrupled.